

APPENDIX B

PRO FORMA FINANCIAL PROJECTIONS

GEO Specialty Chemicals, Inc.

Financial Projections

Income Statement

(\$ in Millions)

	Projected FYE December 31,			
	2004 (1)	2005	2006	2007
Revenue	\$ 170.7	\$ 190.1	\$ 199.6	\$ 207.3
Cost of Revenue	91.4	102.3	104.4	107.3
Variable Margin	79.3	87.8	95.3	100.0
Selling, General & Administrative	14.4	16.4	16.9	17.5
Production & Other	43.3	45.0	45.9	47.3
EBITDA	21.6	26.5	32.5	35.2
Depreciation & Amortization	16.2	13.3	11.5	11.5
EBIT	5.4	13.2	21.0	23.7
Interest Expense, net	12.2	13.2	12.7	12.3
Restructuring Expenses	8.9	1.0	-	-
Pre-Tax Income	(15.6)	(1.0)	8.3	11.4
Provision for Taxes	(0.6)	-	2.5	4.0
Net Income	\$ (14.9)	\$ (1.0)	\$ 5.7	\$ 7.4

Management Projections

Note: For the purpose of these projections, NOLs are not contemplated to survive the bankruptcy.

Investors should make their own assumptions regarding NOL survival and fresh start accounting.

(1) Comprised of actual results for Q1 & Q2 and projected results for Q3 & Q4.

GEO Specialty Chemicals, Inc.
Financial Projections

Balance Sheet

(\$ in Millions)

	Pro Forma 2004	Projected FYE December 31, 2005	2006	2007
<u>Assets</u>				
Cash and Cash Equivalents	\$ 7.7	\$ 5.0	\$ 14.6	\$ 28.5
Accounts Receivable	23.1	26.1	27.3	28.4
Inventory	30.2	33.8	34.5	35.4
Other Current Assets	3.4	3.8	4.0	4.1
Total Current Assets	64.4	68.7	80.4	96.5
Net Property, Plant & Equipment	83.7	76.5	69.3	62.4
Other Assets	12.9	11.0	11.0	11.0
Total Assets	\$ 160.9	\$ 156.2	\$ 160.8	\$ 169.9
<u>Liabilities & Shareholders' Equity</u>				
Bank Revolver	\$ 10.0	\$ 2.8	\$ -	\$ -
Accounts Payable	11.3	12.7	12.9	13.2
Other Current Liabilities	10.5	11.7	12.3	12.7
Total Current Liabilities	31.8	27.2	25.1	26.0
Term Loan	115.0	115.0	115.0	115.0
Senior Promissory Note	2.7	3.5	4.4	5.3
Other Long-Term Liabilities	8.4	8.4	8.4	8.4
Total Liabilities	157.8	154.1	152.9	154.6
Common Equity	3.1	2.1	7.8	15.3
Total Liabilities & Shareholders' Equity	\$ 160.9	\$ 156.2	\$ 160.8	\$ 169.9

Management Projections

Note: For the purpose of these projections, NOLs are not contemplated to survive the bankruptcy.
Investors should make their own assumptions regarding NOL survival and fresh start accounting.

GEO Specialty Chemicals, Inc.
Financial Projections

Cash Flow Statement

(\$ in Millions)

	Projected FYE December 31,			
	Q3 & Q4 Proj. 2004	2005	2006	2007
<u>Cash Flow From Operations</u>				
Net Income	\$ (7.3)	\$ (1.0)	\$ 5.7	\$ 7.4
Depreciation	5.7	11.4	11.5	11.5
Amortization of Intangible Assets	1.1	1.9	-	-
Change in Working Capital	(4.8)	(4.4)	(1.4)	(1.3)
Cash Provided / (Used) by Operating Activities	(5.3)	7.9	15.8	17.6
<u>Cash Flow From Investing Activities</u>				
Capital Expenditures	(1.9)	(4.3)	(4.3)	(4.5)
Cash Provided / (Used) by Investing Activities	(1.9)	(4.3)	(4.3)	(4.5)
<u>Cash Flow From Financing Activities</u>				
(Payments) / Borrowings on Revolver	3.4	(7.2)	(2.8)	-
PIK: Senior Promissory Note	-	0.9	0.9	0.9
Cash Provided / (Used) by Financing Activities	3.4	(6.3)	(1.9)	0.9
Cash Provided / (Used) by Operating Activities	(5.3)	7.9	15.8	17.6
Cash Provided / (Used) by Investing Activities	(1.9)	(4.3)	(4.3)	(4.5)
Cash Provided / (Used) by Financing Activities	3.4	(6.3)	(1.9)	0.9
Total Change in Cash	\$ (3.8)	\$ (2.7)	\$ 9.6	\$ 13.9
Beginning Cash Balance	8.8	7.7	5.0	14.6
Total Change in Cash	(3.8)	(2.7)	9.6	13.9
Ending Cash Balance	\$ 5.0	\$ 5.0	\$ 14.6	\$ 28.5

Management Projections

Note: For the purpose of these projections, NOLs are not contemplated to survive the bankruptcy.
Investors should make their own assumptions regarding NOL survival and fresh start accounting.